

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

HB 2445 - SB 2495

February 25, 2014

SUMMARY OF BILL: Authorizes the agricultural production of industrial hemp. Defines “industrial hemp” as plants of the genus *Cannabis* that do not contain a delta-9 tetrahydrocannabinol (THC) concentration exceeding 0.3 percent on a dry mass basis, and are grown from seed certified by an approved agency. Removes hemp meeting the proposed definition from current criminal and tax definitions of marijuana. Establishes that the Department of Agriculture will be responsible for oversight of the crop and will have the authority to establish fees and rules related to such oversight.

ESTIMATED FISCAL IMPACT:

On February 19, 2014, a fiscal note was issued for this bill with the following fiscal impact:

*Increase State Revenue – \$12,900/FY14-15
\$25,700/FY15-16 and Subsequent Years*

*Increase State Expenditures - \$22,900/FY14-15
\$35,700/FY15-16 and Subsequent Years*

Based upon further information provided by the Tennessee Bureau of Investigation, the corrected fiscal impact is shown below.

(CORRECTED)

**Increase State Revenue – \$12,900/FY14-15
\$25,700/FY15-16 and Subsequent Years**

**Increase State Expenditures - \$12,900/FY14-15
\$25,700/FY15-16 and Subsequent Years**

Assumptions:

- It is assumed that 10 producers will sign up for the program in each of the first two years; but afterwards, the number of producers remains relatively constant at approximately 20 per year.

HB 2445 - SB 2495 (CORRECTED)

- Based upon information provided by the Department of Agriculture, actual laboratory costs plus allocated personnel costs related to the oversight of each producer are estimated to be \$1,285 annually. The increase in state expenditures is estimated to be \$12,850 (10 x \$1,285) in FY14-15; and the recurring increase in state expenditures is estimated to be \$25,700 (20 x \$1,285) in FY15-16 and subsequent years.
- Based upon information provided by the Tennessee Bureau of Investigation, testing on industrial hemp products can be handled utilizing existing resources without an increased appropriation or reduced reversion.
- Each year \$1,285 in fees will be charged to each producer by the Department of Agriculture for a production permit, a transport permit, and laboratory costs. The increase in state revenue is estimated to be \$12,850 (10 x \$1,285) in FY14-15; and the recurring increase in state revenue is estimated to be \$25,700 (20 x \$1,285) in FY15-16 and subsequent years.
- Any increase in local government expenditures related to law enforcement involvement in matters related to industrial hemp production are permissive and will be handled utilizing existing resources.
- It is assumed that there will be no change in the number of prosecutions for marijuana related crimes as a result of this bill.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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